

5/02 7/080



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
FILLMORE FIELD OFFICE
35 East 500 North
Fillmore, UT 84631



In Reply Refer to:
3600
UT-010
UTU-079455

December 10, 2002

CERTIFIED MAIL NO. 7000 1530 0006 2417 3434
RETURN RECEIPT REQUESTED

DAVE PETERSON
REGISTERED AGENT
DELTA MINERALS INC
545 SOUTH OAK DRIVE
WOODLAND HILLS UT 84653

RECEIVED

DEC 13 2002

DIV. OF OIL, GAS & MINING

Dear Mr. Peterson:

On July 17, 2001, Dave Sheets of Delta Minerals Inc. (DMI) signed a contract to purchase 20,000 tons of material from a limestone quarry located at T. 15 S., R. 11 W., Section 12. This quarry was originally opened up by Terry Cook under the authority of the 43 CFR 3809 regulations, but since the material was believed to be a common variety limestone, DMI agreed to purchase the material.

DMI entered into the contract to purchase the materials under the authority of the 43 CFR 3600 regulations, which mandate that a reclamation bond be submitted with contracts that total more than \$2,000. Since the contract DMI entered into was for a total of \$11,000, a reclamation bond was also required. However, since DMI had already submitted an \$11,000 financial guarantee for reclamation for the disturbance created under the 43 CFR 3809 regulations, we didn't require another bond prior to signing the \$3600 contract, since we anticipated that the \$3809 financial guarantee would be released, and the monies transferred to create a \$3600 financial guarantee. However, shortly after signing the contract, DMI began experiencing corporate difficulties, and that transaction never took place.

DMI also failed to make a required yearly payment by July 17, 2002. That payment should have been in the amount of \$4400.00,

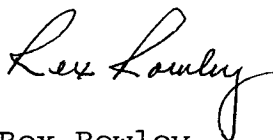
in order to make up for the previously missed quarterly payments. Since then, another quarterly payment has come due, and another is due on January 17, 2003, making a total of \$6600.00 due by that date.

In order to bring the contract out of default, DMI or another party that wishes to assume the contract and is acceptable to the BLM must, within 15 days of receipt of this letter, submit to this office an \$11,000 reclamation bond. Upon receipt of the bond, we will authorize the release of the previously submitted bond, which you can then use to make the past due contract payments by January 17, 2003. If we do not receive the \$11,000, we will terminate the contract, and pursue Terry Cook, as the §3809 operator, to conduct the reclamation. After the reclamation is complete to our satisfaction, we will release the financial guarantee.

A recent inspection of the site revealed that although the crushers, conveyors, and mechanized equipment have been removed, there is still a significant amount of property left. There is one large silo still upright, and another one on its side, as well as a large boneyard of scrap metal and other items. These items should be removed within 90 days of termination of the contract, or they may become the property of the United States.

If you have any questions, please feel free to contact Sheri Wysong at (435) 743-3124.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rex Rowley".

Rex Rowley
Field Office Manager

Cc: Terry Cook, 885 S Oak Dr, Woodland Hills UT 84653
Tom Munson, UDOGM (S/027/080)